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MAYES PROPOSED AMENDMENT 2

TIME/DATE PREPARED: November 19, 2010

COMPANY: Tucson Electric Power

AGENDA ITEM NO. U-33

DOCKET NO. E-01933A-07-0401

ORIGINAL

OPEN MEETING DATE: Nov. 22, 2010

Page 14, Line 17.5 INSERT: "The Commission believes a financing mechanism could help the customers of the Company adopt energy efficiency measures in a more timely, broad-based manner. Additionally, financing mechanisms enhance the ability of the Company to meet its EES requirements. The Commission notes that similar programs have been developed at other Arizona utilities.

We believe that under such a program, customers of Tucson Electric Power could be given the opportunity to receive loans for the up-front costs associated with implementing energy efficiency measures such as efficient air conditioning or ductwork, and could pay off these loans through the savings they achieve on their electric bills created by the energy efficiency measures that have been installed. The revolving loan fund could be launched through the DSM adjustor mechanism, or through the DSM adjustor in combination with a partnership between TEP and a bank, or potentially in partnership with the state Energy Office, and could then be replenished by the loans that are paid off by customers. Given the interest among customers in TEP's service territory in implementing energy efficiency measures, and the need to deploy energy efficiency as widely as possible to assist as many customers as possible in keeping their bills low, we believe it is in the public interest to require TEP to file, by March 30, 2011, a proposed energy efficiency financing program for Commission consideration. The Company should investigate the possibility of partnering with a bank in addressing how the financing program would be initiated. Additionally, we believe that TEP should craft its proposal for an energy efficiency revolving loan fund in conjunction with interested community groups in the Company's service territory."

Page 16, Line 4.5 INSERT New Ordering Paragraphs: "IT IS FURTHER ORDERED that Tucson Electric Power shall file for Commission consideration, by March 30, 2011, a proposed energy efficiency financing program for energy efficiency measures such as ductwork and efficient air conditioning, and shall work with interested community groups in TEP's service territory in the crafting of the proposal. The proposal shall include a description of the steps TEP took to work with local community groups in the formation of the proposal.

IT IS FURTHER ORDERED that Tucson Electric Power shall seek out participation in the financing program by the State Energy Office, and shall investigate the possibility of partnering with a bank in addressing how the financing program will be initiated.

IT IS FURTHER ORDERED that Tucson Electric Power shall craft its proposal for an energy efficiency revolving loan fund in conjunction with interested community groups in the Company's service territory."

Make all conforming changes.

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Arizona Corporation Commission

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NOV 19 2010

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